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C O N F I D E N T I A L SECTION 01 OF 02 DUBAI 006919

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E.O. 12958: DECL: 12/7/2016  
TAGS: [PREL](#) [PGOV](#) [ECON](#) [ENRG](#) [EPET](#) [IR](#) [AE](#)  
SUBJECT: IRAN-LIBYA SANCTIONS ACT (ILSA): DANA GAS: EXISTING  
INFRASTRUCTURE AND EXPANSION PLANS

REF: A. A. 05 DUBAI 4987  
[1](#)B. B. 05 DUBAI 0265  
[1](#)C. C. DUBAI 0857  
[1](#)D. D. DUBAI 2819

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CLASSIFIED BY: Paul R Sutphin, Consul General, Dubai, UAE.  
REASON: 1.4 (b), (e)

1.(C) Summary: Dana Gas General Manager Rashid Saif Al-Jarwan told PolEconoff and IRPoff November 28 that Dana Gas' subsidiary, SajGas, has completed its Sajaa Gas Sweetening Facility -- purpose-built to process Iranian gas. The only remaining requirement for operation is gas from Iran. Dana Gas is fully aware of USG opposition to the UAE and UAE-based entities entering into petrochemical contracts with Iran. Dana Gas -- a publicly traded company based in Sharjah -- plans to expand through mergers and acquisitions, such as the recent buy-out of the Canadian company Centurion (some 300 employees), as well as through new local projects in the GCC and Iran. Dana Gas has roughly 10 employees devoted to running the company and a five year agreement with Crescent Petroleum for every related support service (from facilities to IT and engineering expertise). End Summary

#### Dana Gas Background and Leadership

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2.(SBU) Rashid Saif Al-Jarwan, the General Manager of Dana Gas, spoke with PolEconoff and IRPoff on November 28 at the company's Sharjah headquarters about company goals and UAE-based infrastructure. Al-Jarwan, a 1977 Pennsylvania State University graduate, was the General Manager at Abu Dhabi Gas Liquefaction Co. (ADGAS) for eight years before joining Dana Gas last year.

3.(SBU) Dana Gas has 400,000 shareholders. The Government of Sharjah, while one of the "core founders" of Dana Gas, owns only around one percent; other core founders include banks, businesses and individuals from throughout the Emirates (24 percent), Saudi Arabia (20 percent), and other GCC states (20 percent). The October 2005 IPO represented the final 34.3 percent (ref A). Al-Jarwan said Dana Gas has roughly 10 employees devoted to running the company and a five year

agreement with Crescent Petroleum for technical and support services -- running the gamut from facilities management and IT to engineering expertise. Crescent Petroleum is Dana Gas' majority shareholder. Al-Jarwan stressed the importance of Dana Gas' board of directors and its international advisory board. He believes the boards bring significant power and knowledge to the table -- including former Kuwaiti oil minister Dr. Adel Khalid Al Sabeeh (board of directors) and previous BP CEO Lord Simon Highbury (international board).

#### Dana Gas Expansion Plans

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4.(SBU) Al-Jarwan said Dana Gas plans to expand in two ways, first through mergers and acquisitions and then through what he termed "organic growth." In mid-November, the company announced the acquisition of Calgary-based Centurion Energy International Inc. Al-Jarwan gave three reasons for purchasing Centurion: to acquire its ongoing production assets; its exploration rights in Egypt, Nigeria and Tunisia; and most importantly, the more than 300 Centurion employees -- including geologists, engineers and other specialists. The additional staff will boost in-house expertise. He also discussed the early October purchase of a controlling stake in a Bahraini-company now called Danagaz. The company will work with the state-owned Egyptian Natural Gas Holding Company to extract liquid petroleum gas from Egypt and sell it internationally.

5.(SBU) Dana Gas plans to expand in the region in a methodical manner. The first "organic" Dana Gas office to open in the GCC will be in Khobar, Saudi Arabia. Al-Jarwan claims Dana Gas wants to first "participate" regionally, and eventually build to a size that can compete with major international gas firms. The company is seeking projects in Saudi Arabia, Qatar, Kuwait, Yemen and Iran.

#### Gas Project with Iran

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6.(C) Dana Gas' subsidiary, SajGas, has built the Sajaa Gas Sweetening Plant in Sharjah -- a purpose-built facility for processing Iranian gas. Although Al-Jarwan was willing to speak about UAE-based infrastructure, he would not discuss Iran and it was clear he understood the USG position on the deal. The plant and all related infrastructure are complete. The only remaining requirement for operation is gas from Iran. Gas will be piped from Hamriya port to the facility, where it will be "sweetened" -- processed to remove sulfur and other impurities, resulting in pure, dry methane -- and then sold domestically or abroad, for the greatest profit. When pressed, Al-Jarwan said the company's plan could be modified to receive gas from elsewhere, but no such plans exist or have been considered. Al-Jarwan did not offer information about the plant's capacity. Previous estimates from a BP official -- BP operates a plant processing all of Sharjah's petroleum products next to SajGas -- suggest the plant will be capable of sweetening 600 million standard cubic feet of gas per day at full capacity (ref B).

7.(U) Local media has closely tracked the peaks and valleys of the gas deal with Iran (refs C,D). Despite the August visit of a technical delegation from the National Iranian Gas Exporting Company to SajGas and a Dana Gas announcement in October that it would begin importing gas from Iran during the first three months of 2007, no progress is apparent. Iranian officials immediately denied Dana Gas' October 4 statement, indicating that the two sides had not reached an agreement on the price of the gas. On October 16, the English-language daily Gulf News reported "final negotiations" would be held the following week with Dana Gas accepting Iran's new price demands. No further information has been released.

Comment

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8.(C) The meeting with Al-Jarwan was cancelled by Dana Gas two times before a same day request was floated by Al-Jarwan's office. While willing to discuss generalities, Al-Jarwan was circumspect in providing details and when asked to facilitate a visit to the SajGas plant, suggested off-roading in the desert area to get a look instead. A previous request for a meeting with the SajGas plant general manager by PolEcon Assistant was met with a derisive rebuke. Dana Gas is fully aware of USG concerns and opposition to the UAE and UAE-based entities entering into long-term petrochemical contracts with Iran -- as is the UAE government and individual Emirate governments.

9.(U) This message has been cleared with Embassy Abu Dhabi and IRPO.  
SUTPHIN